

Message Text

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SUBJ: SECOND CHAMBER POSTPONES VOTE ON GOVERNMENT'S
PROGRAM TO FINANCE 1974 EXPENDITURES

1. SUMMARY: SECOND CHAMBER HAS POSTPONED VOTE (ORIGINALLY SCHEDULED NOV 22) ON GOVERNMENT'S FINANCE PLAN (TAX MEASURES TO COVER 1974 EXPENDITURES) UNTIL NOVEMBER 27. VOTE DELAYED BECAUSE OF SERIOUS DISAGREEMENT AMONG COALITION PARTNERS ON SEVERAL GOVT MEASURES. FINANCE MINISTER DUISENBERG HAS REPORTEDLY THREATENED TO RESIGN IF CONFESSIONAL PARTIES REJECT HIS PROPOSALS FOR INCREASED INCOME TAXES. COALITION FLOOR LEADERS WILL USE PERIOD BEFORE VOTE TO TRY WORK OUT COMPROMISE. END SUMMARY.

2. SECOND CHAMBER DEBATED GOVERNMENT'S "DEKKINGSPLAN," I.E. FINANCING PLAN (TAX MEASURES BY WHICH GOVERNMENT PROPOSES COVER 1974 EXPENDITURES) NOV 22. DURING DEBATE IT BECAME EVIDENT ARP AND KVP DISAGREED WITH GOVERNMENT PROPOSAL TO RAISE INCOME TAXES FROM 7 TO 8 GUILDERS PER 1000 GUILDERS OF INCOME. CONFESSIONAL PARTIES ALSO WANT SMALL SHOPKEEPERS, ETC, EXEMPTED FROM NEW ASSESSMENT. FINANCE MINISTER DUISENBERG ARGUED

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CONFESSIONAL PARTIES HAD SUPPORTED 1974 BUDGET DURING

GENERAL DEBATES AND HAD OFFERED NO ALTERNATIVE TO HIS PROPOSALS FOR INCREASED INCOME TAX. FONMIN SAID IF GOVERNMENT PROPOSAL NOT ADOPTED, THIS WOULD LEAVE GAP OF ALMOST 77 MILLION GUILDERS IN 1973 BUDGET. DUISENBERG ALSO SAID PROPOSAL ON INCOME TAXES WAS AT HEART OF GOVERNMENT'S POLICY TO LIMIT SPREAD BETWEEN DIFFERENT INCOME GROUPS.

3. CONFESSONAL SPOKESMAN ALSO ATTACKED GOVERNMENT'S PLAN FOR RAISING RENTAL VALUE OF PRIVATE DWELLINGS. FINANCE MINISTER AGAIN VIROROUSLY DEFENDED GOVERNMENT'S PLAN IN THIS AREA BUT DID NOT THREATEN, AS HE REPORTEDLY DID IN CONNECTION WITH INCOME TAX PROPOSAL, TO RESIGN HIS PORTFOLIO. SENSING UNCERTAIN MOOD WITHIN CHAMBER, COALITION FLOOR LEADRS AGREED TO END DEBATE AND POSTPONED VOTE UNTIL NEXT TUESDAY (NOV 27). THIS DECISION WAS BITTERLY CONTEXTED BY OPPOSITION LEADER WIEGEL OF THE LIBERALS, SUPPORTED BY COMMUNISTS, WHO CLAIMED REASONS FOR DELAY WERE PURELY POLITICAL.

4. COMMENT: COALITION PARTY FLOOR LEADERS' DECISION TO POSTPONE VOTE (SOMETHING UNPRECEDENTED) INDICATES HOW SERIOUS ARE THE DIFFERENCES AMONG COALITION PARTNERS ON THIS ISSUE. DECISION WAS PRUDENT SINCE ACRIMONIOUS DEBATES AND VOTES IN EARLY HOURS OF THE MORNING (A DUTCH PARLIAMENTARY TRADITION) HAVE GENERALLY RESULTED IN DISAGREEABLE SURPRISES FOR GOVERNMENT IN POWER (E.G. "NIGHT OF SCHMELZER" IN 1966 WHICH BROUGHT DOWN LAST LABOR-CATHOLIC COALITION). MOST LIKELY RESOLUTION OF CURRENT DISAGREEMENT WOULD BE FOR KVP TO ACCEPT GOVERNMENT PLANS FOR INCOME TAX INCREASE WHILE GOVERNMENT MODIFIES ITS PROPOSALS FOR INCREASE IN TAXES ON RENTAL VALUE OF PRIVATELY OWNED HOUSES. THIS WOULD GIVE LEFT WING PARTIES PROBLEMS WITH THEIR MORE EXTREME WINGS, BUT THESE SHOULD PROVE MANAGEABLE. IN THE INCREASINGLY EMBITTERED AND APPREHENSIVE POLITICAL ATMOSPHERE (INDUCED IN GREAT MEASURE BY UNCERTAINTY OVER THE OIL BOYCOTT) HOWEVER, THE COALITION PARTNERS WILL HAVE TO STEP MORE CAREFULLY THAN BEFORE TO AVOID DIFFERENCES WHICH COULD THREATEN THE COALITION'S LIFE.

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